

Senate File 248 - Introduced

SENATE FILE 248
BY SODDERS

A BILL FOR

1 An Act providing for a small employer health insurance tax
2 credit as a percentage of the federal credit and including
3 retroactive applicability provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 422.12A Small employer health
2 insurance tax credit.

3 1. The taxes imposed under this division, less the credits
4 allowed under section 422.12, shall be reduced by a small
5 employer health insurance tax credit equal to twenty-five
6 percent of the federal small employer health insurance tax
7 credit provided in section 45R of the Internal Revenue Code.
8 The tax credit provided in this section is available to
9 eligible small employers.

10 2. Any credit in excess of the tax liability is refundable.

11 3. For purposes of this section, "*eligible small employer*"
12 means a taxpayer who has ten or fewer full-time employees and
13 who otherwise meets the requirements of the small employer
14 health insurance tax credit allowed under section 45R of the
15 Internal Revenue Code.

16 Sec. 2. Section 422.33, Code 2011, is amended by adding the
17 following new subsection:

18 NEW SUBSECTION. 13. The taxes imposed under this division
19 shall be reduced by a small employer health insurance tax
20 credit authorized pursuant to section 422.12A.

21 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies
22 retroactively to January 1, 2011, for tax years beginning on
23 or after that date.

24 EXPLANATION

25 The federal Patient Protection and Affordable Care Act (Pub.
26 L. No. 111-148) provided for a small employer health insurance
27 income tax credit of up to 50 percent for eligible small
28 employers. This bill provides for a credit against Iowa income
29 tax liability in an amount equal to 25 percent of the federal
30 credit for employers with 10 or fewer full-time employees.
31 The tax credit is refundable and is available against the
32 individual and corporate income taxes.

33 The bill applies retroactively to January 1, 2011, for tax
34 years beginning on or after that date.